

FINAL BILL REPORT

ESB 6413

C 238 L 96
Synopsis as Enacted

Brief Description: Revising provisions for successor unemployment compensation contribution rates.

Sponsors: Senators Pelz, Newhouse and Winsley; by request of Employment Security Department.

Senate Committee on Labor, Commerce & Trade
House Committee on Commerce & Labor

Background: In 1995, the Legislature, in response to the Joint Task Force on Unemployment Insurance, modified the manner in which unemployment taxes are calculated for new employers that take over an existing business. This process is generally termed by the Employment Security Department as "successorship." Under the legislation, a "successor" employer who did not have employees prior to the acquisition of a firm is assigned the lower of two unemployment rates: (1) the old firm's (predecessor's) rate class, or (2) the average industry rate class.

In administering the legislation, the department finds the provisions regarding the transfer of a purchased company's historical unemployment record or "experience rating" to be a complex and costly process and requests that this requirement be delayed.

Summary: The existing statutory provision requiring the Employment Security Department to transfer the "experience rating" of a purchased company to its successor is clarified.

For successor employers who participate in business transfers before January 1, 1997, the unemployment insurance contribution rate is determined without transferring the acquired business' "layoff experience." For transfers on or after January 1, 1997, the successor employer's contribution rate is determined by incorporating the acquired business' "layoff experience."

Votes on Final Passage:

Senate	48	0	
House	94	0	(House amended)
Senate	43	0	(Senate concurred)

Effective: June 6, 1996